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MARK T. GAFFNEY, *President*

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June 29, 2005

TO: House Education Committee

FROM: Ken Fletcher, Legislative Director

RE: Opposition to House Bill 4947

The Michigan State AFL-CIO is a federation of 49 affiliated unions representing one million active and retired workers and their families.

We are opposed to House Bill 4947, which will greatly reduce retirement and health care benefits for future school and community college employees by forcing them into a defined contribution retirement plan with a graded scale premium for health, dental, vision, and hearing benefits.

This bill will take away the ability of school and community college employees to retire with dignity after years of hard work. The quality of their retirement years will depend on whether or not the stock market performs well. If it does not, they could outlive the money in their 403(b) account.

We also feel that it is unfair to require a worker to have at least 20 years of full-time service before qualifying for health benefits in retirement. This discriminates against part-time support staff employees like bus drivers and cafeteria workers. It also discriminates against someone who leaves the work force for a few years to raise their family.

A worker who only served for 20 years may not be able to afford paying 40% of the premium for their health care in retirement. What happens to that person if they have to drop coverage for financial reasons? Where do they turn to for their health care needs?

This proposal will also make it harder for schools and community colleges to recruit and retain quality staff.

For all these reasons, we urge you to vote "NO" on House Bill 4947.

Thank you.